

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NEW YORK

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NEW ERA CAP CO., INC.

Plaintiff,

**COMPLAINT**

vs.

Civ. No.

MIKE23 INC. and  
SCOTT NELSON,

**TRIAL BY JURY DEMANDED**

Defendants.

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New Era Cap Co., Inc. ("New Era Cap"), by its attorneys, Phillips Lytle LLP, for its complaint against defendants, alleges as follows:

**NATURE OF THE ACTION**

1. This action seeks injunctive relief and damages against defendants Mike23 Inc. and Scott Nelson for (i) trademark and trade dress infringement in violation of the provisions of the Lanham Act, 15 U.S.C. § 1051 et seq.; (ii) trademark and trade dress dilution in violation of Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); (iii) unfair competition and false designation of origin in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (iv) violation of the New York anti-dilution statute, New York General Business Law § 360 et seq.; and (v) common law trademark and trade dress infringement, dilution, unfair competition, misappropriation and unjust enrichment.

**PARTIES**

2. Plaintiff New Era Cap is a New York corporation with its principal place of business at 160 Delaware Avenue, Buffalo, New York.

3. Upon information and belief, defendant Mike23 Inc. is a New York corporation with principal offices at 79 Clinton Street #5, New York, New York.

4. Upon information and belief, defendant Scott Nelson is an individual residing at 79 Clinton Street #5, New York, New York, and is president of defendant Mike23 Inc.

5. Upon information and belief, defendant Scott Nelson promotes and sells goods and/or services, including “MIKE” branded goods, individually and on behalf of Mike23 Inc.

6. The Court has personal jurisdiction over the defendants. Upon information and belief, defendants regularly do and/or transact and/or solicit business in this state and District; contract to supply goods in this jurisdiction; advertise and market infringing goods within this jurisdiction; derive substantial revenues from the sale of goods in this jurisdiction; and/or know or expect their actions to have consequences in this jurisdiction, and derive substantial revenue from interstate or international commerce, through online sales to customers and otherwise.

#### **JURISDICTION AND VENUE**

7. Jurisdiction over this action is conferred on this Court pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1338, and 1367.

8. Venue in this District is proper under 28 U.S.C. § 1391.

#### **BACKGROUND**

9. Founded in 1920, New Era Cap is a global sports headwear designer and manufacturer, making more than 30 million licensed and non-licensed performance and fashion caps per year. New Era Cap is the exclusive manufacturer and marketer of Major League

Baseball's official on-field uniform caps, worn on the field of play by every Major and Minor League player. A sampling of New Era Cap's other licenses include the National Basketball Association, the National Hockey League, Arena Football, hundreds of colleges and universities, NCAA Champions, College Bowl Games and National Championships, Little League, Mexican Baseball League, Korean Baseball Organization, Nippon Professional Baseball and Calloway.

10. Over a period of many years, New Era Cap has maintained and developed, at considerable expense, in the United States and worldwide, valuable trademarks and trade dress, a valuable trade name, a reputation for excellence, and valuable relationships with clients and prospective clients.

11. In order to maintain these assets and associated goodwill, New Era Cap has invested substantial amounts of money, time and other resources.

12. On or about December 1, 1999, New Era Cap filed an application with the United States Patent and Trademark Office ("USPTO") seeking to register a trademark for the design annexed hereto as Exhibit A (the "NE FLAG") for use in connection with athletic caps.

13. On or about February 5, 2002, the USPTO issued a Certificate of Registration to New Era Cap registering the NE FLAG mark on the Principal Register (Registration No. 2,535,462) and such registration is valid and subsisting.

14. In addition, the NE FLAG registration is now incontestable pursuant to 15 U.S.C. § 1065, and is therefore conclusive evidence of the validity of the NE FLAG mark and registration of the mark, of New Era Cap's ownership of the mark, and of New Era Cap's exclusive right to use the mark in commerce.

15. On or about October 13, 2005, New Era Cap filed an application with the USPTO seeking to register a trademark for the design annexed hereto as Exhibit B (the “NE DESIGN”) for use in connection with caps.

16. On or about August 1, 2006, the USPTO issued a Certificate of Registration to New Era Cap registering the NE DESIGN mark on the Principal Register (Registration No. 3,122,529) and such registration is valid and subsisting.

17. On or about December 6, 2004 (amended January 20, 2006), New Era Cap filed an application with the USPTO seeking to register a trademark for the mark ORIGINATORS OF THE TRUE FITTED for use in connection with athletic caps.

18. On or about June 6, 2006, the USPTO issued a Certificate of Registration to New Era Cap registering the ORIGINATORS OF THE TRUE FITTED mark on the Supplemental Register (Registration No. 3,102,358) and such registration is valid and subsisting. A copy of the registration certificate is attached as Exhibit C.

19. The NE FLAG, NE DESIGN and ORIGINATORS OF THE TRUE FITTED marks are referred to collectively herein as the “NEW ERA MARKS.”

20. New Era Cap has continuously used the NE FLAG, NE DESIGN and ORIGINATORS OF THE TRUE FITTED marks in interstate commerce since as early as 1996, 2005 and 2004, respectively, to distinguish its goods, including a wide variety of caps.

21. The NEW ERA MARKS are well known throughout the United States and the world, distinctive and serve as identifiers of New Era Cap’s products based upon many years of widespread and extensive advertising and promotion of such marks.

22. New Era Cap spends substantial sums each year to advertise, promote, protect and enforce these marks.

23. The NEW ERA MARKS immediately identify New Era Cap and its products to commercial and personal customers.

24. As a result of New Era Cap's activities in promoting and policing the NEW ERA MARKS, among other things, New Era Cap has acquired substantial goodwill in these marks.

25. In addition, by virtue of the substantial use, sale and promotion of New Era Cap's athletic caps, the trade dress of its caps has acquired great value as an identifier of the caps and of the substantial customer goodwill that New Era Cap has earned over many years in the United States market.

26. Customers in this District and elsewhere readily recognize, identify and distinguish New Era Cap's caps from those of others by virtue of the trade dress of the caps.

#### **DEFENDANTS' UNLAWFUL CONDUCT**

27. Upon information and belief, defendants recently began using the design shown in the photographs annexed hereto as Exhibit D (the "Infringing Design").

28. Upon information and belief, defendant Scott Nelson has applied for trademark protection for the term "MIKE," which is also used on the caps depicted in Exhibit D, individually, and not on behalf of defendant Mike23 Inc.

29. Upon information and belief, defendants have offered for sale, sold and/or distributed caps bearing the Infringing Design to persons and companies in New York State and nationally, and have promoted the Imitation Design to persons and companies in New York State, including this District, and nationally.

30. Upon information and belief, defendants' use of the Infringing Design commenced after the first use by New Era Cap of its NEW ERA MARKS and trade dress, and after the issuance of New Era Cap's federal trademark registrations for such marks.

31. Upon information and belief, defendants' use of the Infringing Design is done with full knowledge of New Era Cap's rights in these marks and trade dress.

32. In fact, defendants previously requested that New Era Cap manufacture and co-brand caps with defendants, but New Era Cap declined.

33. New Era Cap has never authorized defendants, directly or indirectly, to use the Infringing Design.

34. Upon information and belief, defendants have used, and are currently using, New Era Cap's trademarks and trade dress in an attempt to associate themselves with New Era Cap or otherwise trade on its reputation. Defendants' adoption and use of the Imitation Design is willful.

**COUNT I**  
**INFRINGEMENT OF FEDERALLY-REGISTERED TRADEMARK**  
**15 U.S.C. § 1114(1)**

35. New Era Cap realleges paragraphs 1 through 34 above.

36. The acts of defendants alleged herein were done without plaintiff's consent, and constitute a use in commerce and interstate commerce of a reproduction or colorable imitation of federally registered marks of New Era Cap in connection with the sale and distribution of goods and/or services of defendants.

37. Such use by defendants has caused or is likely to cause confusion or mistake, or to deceive.

38. Defendants' use of the Infringing Design has or is likely to lead the purchasing public to believe that defendants and/or defendants' products and services are affiliated or associated with, related to, sponsored by, approved by or connected with New Era Cap and/or New Era Cap's products, or that some legitimate connection exists between plaintiff, its mark and products and those of defendants.

39. Defendants' conduct permits defendants to trade on the goodwill which New Era Cap has developed over several years at considerable expense.

40. Accordingly, defendants have infringed the trademark rights of plaintiff in violation of the Trademark Laws of the United States, particularly 15 U.S.C. § 1114(1).

41. Defendants' use of the Infringing Design was and is intentional or with a reckless disregard for or with willful blindness to New Era Cap's rights in one or more of its federally-registered NE FLAG and NE DESIGN marks. Upon information and belief, defendants' acts as alleged herein have been and are being performed with defendants' knowledge of plaintiff's exclusive rights in the United States to the NE FLAG and NE DESIGN marks, and with knowledge that defendants' imitation of plaintiff's mark would cause confusion, or cause mistake or deceive, in an intentional and willful violation of 15 U.S.C. §1114(1)(a), all for defendants' profit.

42. Defendants, by the acts complained of herein, have caused and are causing injury to New Era Cap, the public and the markets in which plaintiff and defendants do business.

43. Defendants have made, and will make, unlawful gains and profits from their infringement of one or more of New Era Cap's NE FLAG and NE DESIGN marks, and plaintiff, due to defendants' unlawful infringement, has been and is being deprived of goodwill, rights and profits which otherwise would inure to plaintiff.

44. Defendants have caused and, unless such acts and practices are enjoined by the Court, will continue to cause immediate and irreparable harm to New Era Cap, and plaintiff is entitled to preliminary and permanent injunctive relief to enjoin defendants' acts and prevent further violation of plaintiff's rights. New Era Cap has no adequate remedy at law.

45. In addition, New Era Cap has suffered and will continue to suffer damages, including treble damages, in an amount to be proven at trial.

**COUNT II**  
**FEDERAL UNFAIR COMPETITION/FALSE DESIGNATION OF ORIGIN**  
**15 U.S.C. § 1125(a)**

46. New Era Cap realleges paragraphs 1 through 45 above.

47. Defendants have no rights in and no right to use the NEW ERA MARKS.

48. Among other things, defendants' acts perpetuate the false and misleading commercial impression that defendants are licensed or otherwise authorized to use one or more of the NEW ERA MARKS in connection with the sale of its products and/or services, or are otherwise affiliated, connected, associated with or sponsored by New Era Cap.

49. By the acts complained of herein, defendants have engaged in unfair competition and false designation of origin in violation of the Trademark Laws of the United States, particularly 15 U.S.C. § 1125(a).

50. Defendants have caused and, unless such acts and practices are enjoined by the Court, will continue to cause immediate and irreparable harm to New Era Cap, and plaintiff is entitled to preliminary and permanent injunctive relief to enjoin defendants' acts and prevent further violation of plaintiff's rights. New Era Cap has no adequate remedy at law.

51. In addition, plaintiff has suffered and will continue to suffer damages, including treble damages, in an amount to be proven at trial.



**COUNT III**  
**TRADE DRESS INFRINGEMENT**  
**15 U.S.C. § 1125(a)**

52. New Era Cap realleges paragraphs 1 through 51 above.

53. Defendants' use in commerce of caps having a design that is the same as or confusingly similar to the trade dress of New Era Cap's caps, constitutes a false designation of origin, and a false description or representation of goods, tending to wrongfully and falsely describe or represent a connection between New Era Cap and defendants' goods.

54. Upon information and belief, defendants' use of New Era Cap's trade dress is designed to cause confusion, mistake or deception.

55. Upon information and belief, defendants' purpose is to cause consumers and potential customers to believe that the defendants' products originate with New Era Cap or are sponsored or authorized by New Era Cap when, in fact, they are not. By virtue of these acts, defendants have created a likelihood of injury to New Era Cap's business reputation, caused a strong likelihood of consumer confusion as to the source of origin or relationship of New Era Cap's and defendants' goods, and have otherwise competed unfairly with New Era Cap.

56. Upon information and belief, defendants had actual knowledge of New Era Cap's ownership and prior use of the trade dress of its caps, and, without the consent of New Era Cap, have violated 15 U.S.C. § 1125(a).

57. New Era Cap has suffered and will continue to suffer damage to its business, reputation and goodwill as a result of defendants' conduct.

58. By reason of defendants' conduct, defendants have caused and, unless such conduct is enjoined by the Court, will continue to cause, immediate and irreparable harm to New Era Cap, and plaintiff is entitled to permanent injunctive relief to enjoin defendants' acts and prevent violations of New Era Cap's rights. New Era Cap has no adequate remedy at law.

59. By reason of defendants' acts and practices in violation of § 43(a) of the Lanham Act, New Era Cap is entitled to recover damages, including treble damages, in an amount to be proven at trial.

**COUNT IV**  
**FEDERAL TRADEMARK AND TRADE DRESS DILUTION**  
**15 U.S.C. § 1125(c)**

60. New Era Cap realleges paragraphs 1 through 59 above.

61. The NE FLAG and NE DESIGN marks are famous trademarks within the meaning of 15 U.S.C. § 1125(c) and became famous before defendants first used the Infringing Design. The NE FLAG and NE DESIGN marks are advertised and used extensively throughout the United States, and are highly recognizable by the trade and consuming public.

62. New Era Cap's trade dress is famous within the meaning of 15 U.S.C. § 1125(c) and became famous before defendants first used the Infringing Design. New Era Cap's trade dress is advertised and used extensively throughout the United States, and is highly recognizable by the trade and consuming public.

63. Defendants are engaged in a commercial use of the Infringing Design.

64. Defendants' activities are disparaging and damaging, and lessen the distinctiveness of one or more of the NE FLAG and NE DESIGN marks and trade dress through, at the very least, tarnishing and blurring the NE FLAG and NE DESIGN marks and trade dress.

65. Upon information and belief, defendants' actions described herein have been and are intentional or with a reckless disregard for or with willful blindness to New Era Cap's rights for the purpose of trading on or tarnishing plaintiff's reputation and diluting one or more of the NE FLAG and NE DESIGN marks and trade dress.

66. As a result of the above-described diluting, disparaging and damaging activities of defendants, New Era Cap has suffered and, unless such acts and practices are enjoined by the Court, will continue to suffer immediate and irreparable harm, and plaintiff is entitled to preliminary and permanent injunctive relief to enjoin defendants' acts and prevent further violation of its rights. New Era Cap has no adequate remedy at law.

67. In addition, plaintiff has suffered and will continue to suffer damages, including treble damages, in an amount to be proven at trial.

**COUNT V**  
**COMMON LAW TRADEMARK INFRINGEMENT**

68. New Era Cap realleges paragraphs 1 through 67 above.

69. The NEW ERA MARKS are inherently distinctive, or in the alternative, have acquired secondary meaning, in the minds of the public as indicating the origin of New Era Cap's goods.

70. The acts of defendants as described above constitute common law trademark infringement.

71. As a result of such conduct, New Era Cap has suffered and, unless such acts and practices are enjoined by this Court, will continue to suffer damage to its business, reputation and goodwill. New Era Cap has no adequate remedy at law.

72. In addition, plaintiff has suffered and will continue to suffer damages in an amount to be proven at trial.

**COUNT VI**  
**COMMON LAW UNFAIR COMPETITION**

73. New Era Cap realleges paragraphs 1 through 72 above.

74. The acts of defendants as described above constitute unfair competition.

75. Defendants have profited and, unless such acts and practices are enjoined by this Court, will continue to profit by misappropriating the time, money, skill and labors New Era Cap has invested in establishing its reputation and goodwill.

76. As a result of such conduct, New Era Cap has suffered and, unless such acts and practices are enjoined by this Court, will continue to suffer damage to its business, reputation and goodwill. New Era Cap has no adequate remedy at law.

77. In addition, plaintiff has suffered and will continue to suffer damages in an amount to be proven at trial.

**COUNT VII**  
**VIOLATION OF NEW YORK GENERAL BUSINESS LAW § 360-1**

78. New Era Cap realleges paragraphs 1 through 77 above.

79. The foregoing acts of the defendants are likely to injure New Era Cap's business reputation and/or dilute, tarnish or blur the distinctive quality of one or more of the NEW ERA MARKS and trade dress and, as a result, defendants have violated and, unless enjoined, will continue to violate New York General Business Law § 360-1.

80. Defendants' conduct has caused irreparable harm to New Era Cap and, unless restrained, will continue to cause irreparable harm to New Era Cap. New Era Cap has no adequate remedy at law.

81. By reason of the foregoing, New Era Cap is entitled to injunctive relief to enjoin defendants' unlawful conduct.

**COUNT VIII**  
**COMMON LAW UNJUST ENRICHMENT**

82. New Era Cap realleges paragraphs 1 through 81 above.

83. Defendants' conduct constitutes, and will constitute in the future, unjust enrichment to defendants in many respects, including amounts received in sales and revenues by defendants.

84. Unless plaintiff is compensated for any ill-gotten benefits, defendants will be unjustly enriched as a result of their inequitable conduct.

### **JURY DEMAND**

Pursuant to Fed. R. Civ. P. 38(b), New Era Cap demands a trial by jury of all issues triable of right by jury.

### **PRAYER FOR RELIEF**

WHEREFORE, New Era Cap demands judgment against Scott Nelson and Mike23 Inc. as follows:

A. Enjoining permanently, and during the pendency of this action, defendants and their agents, directors, officers, employees and all others acting in concert or participation with defendants from taking any further action in violation of the rights of New Era Cap, including but not limited to using the Infringing Design or any other mark or design confusingly similar to plaintiff's trademarks and/or trade dress, or any colorable imitation thereof, in connection with any sale or offer to sell, in connection with any goods or services, or in any other manner which infringes, dilutes, tarnishes or otherwise violates New Era Cap's rights or those of its affiliates;

B. Enjoining permanently, and during the pendency of this action, defendants and their agents, directors, officers, employees and all others acting in concert or participation with defendants from committing any act calculated or likely to cause the public or trade to believe that defendants or their goods, services or commercial activities are in any manner

connected, affiliated or associated with, or sponsored by New Era Cap; from using in any manner any promotional material or other material related to defendants' products bearing the Infringing Design or any other confusingly similar mark or design; and from otherwise unfairly competing with New Era Cap or from infringing, diluting or otherwise violating New Era Cap's rights;

C. Ordering that the defendants be required to deliver up to the plaintiff for destruction any and all products, goods, promotional materials and other materials and documents bearing the Infringing Design or any other mark confusingly similar to New Era Cap's trademarks and/or trade dress, or otherwise identifying the defendants as affiliated in any way with New Era Cap;

D. Requiring that defendants, within thirty days after service of notice of entry of judgment or issuance of an injunction pursuant thereto, file with the Court and serve upon plaintiff's counsel a written report under oath setting forth details of the manner in which defendants have complied with the Court's order pursuant to paragraphs A, B and C above.

E. Requiring defendants to account for and pay over to plaintiff all damages sustained by plaintiff and all profits realized through defendants' unlawful acts, including but not limited to defendants' profits, plaintiff's lost profits, damage to plaintiff's goodwill, and ordering that the amount of damages awarded plaintiff be increased three times the amount thereof;

F. Awarding New Era Cap its costs and disbursements, and reasonable attorneys' fees, pursuant to 15 U.S.C. § 1117; and

G. Granting such other and further relief as the Court may deem just and proper.

Dated: February 5, 2008  
Buffalo, New York

s/ Michael J. Berchou  
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